



Department of Justice

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**JUSTICE DEPARTMENT WILL NOT SUE ANNAPOLIS BANKS
OVER JOINT LOAN PROGRAM FOR LOW AND MIDDLE-INCOME HOUSEHOLDS**

Washington, D.C.--The Department of Justice's Antitrust Division announced today that it does not intend to challenge a proposed action in which four Annapolis, Maryland, banks would act jointly in making home equity loans to low and middle-income households.

The four banks are the Annapolis Bank and Trust Co., the Annapolis National Bank, the Bank of Annapolis, and the Farmers National Bank of Maryland. Their proposed joint effort is designed to enable the banks to respond to community desires for greater lending to low and middle income households in a manner that reduces the risks and costs of such lending.

The four banks would initially commit a total of \$2 million to be lent for home improvement purposes to households whose income does not exceed the median income for the Baltimore Standard Metropolitan Area. Loan applications would be reviewed by a committee consisting of one representative from each bank. Approved loans would range in amount from \$5,000 to \$35,000 and bear interest at below-market rates according to a maximum rate

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schedule established by the four banks. Loans would be assigned on a rotating basis to one of the banks, which would administer the loan and retain its interest. Any losses that result from defaults on loans approved by the committee will be shared equally by the four banks.

In a business review letter, Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, stated that under the circumstances there was little reason to believe that the proposed joint venture was designed to or actually would have any significant anticompetitive effect, in part because the four banks possess a cumulative share of only 18.2 percent of IPC deposits in Anne Arundel County.

Bingaman added that to the extent that the joint venture allows the member banks to reduce the risks of below-market rate lending to poor and middle income households, it may have the pro-competitive effect of increasing output.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action as a violation of federal antitrust law.

A file containing the business review request and the Department's response will be made available in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review request will be added to the file.

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